



The Bulletin

Defense Contract Audit Agency/Cameron Station, Alexandria, VA 22304-6178

Congress is calling for reform

By Jim Duwel
Program Manager
Policy Liaison Division, Headquarters

Just prior to the traditional August adjournment of Congress, the senators and representatives assigned to work out differences between House and Senate versions of the FY 1986 Department of Defense Authorization bills issued Conference Report No. 99-235. This report of the conferees resulted from weeks of negotiations between the two Houses of Congress regarding not only the FY 1986 funding and personnel levels for the Department of Defense, but also the many amendments that had been attached to House and Senate bills. It's the amendments that I want to cover here, because they will affect the rules we use to perform our audits, and the method of obtaining some contractor records.

Before we get into the details of the conference report it should be explained that once a bill is reported out of conference, both Houses of Congress must approve the compromises contained therein. In this case the Senate, by a 94 to 5 vote on July 30 approved it; however, the House has at the time of this writing not yet approved the conference report. The House members reportedly felt their procurement reforms were "watered down" by Senate amendments during the conference. Therefore, provisions of the conference report are subject to change.

Title IX of the conference report is entitled "Defense Procurement Improvement Act of 1985" and contains the following:

★ Penalties for Submission of Unallowable Costs.

Under a covered contract, if a contractor submits incurred costs which are unallowable per FAR or DFAR not only will the costs be disallowed, but interest shall be assessed for the contractor's use of funds.

If the contractor submits costs which were previously determined to be unallowable for that contrac-

tor, there will be a penalty equal to two times the cost plus interest.

In addition to the stipulated penalties, the contractor may be assessed an additional penalty of not more than \$10,000 per proposal.

★ Listing of Specific Unallowables.

The bill specifically provides that the following costs are not allowable under a covered prime or subcontract.

- Entertainment — including amusement, diversion and social activities.
- Influencing legislative action of Congress or a State.
- Defense of fraud or similar proceedings brought by the United States where the contractor is found liable or pleads nolo contendere.
- Fines and penalties from violations of Federal, State, local or foreign laws and regulations.
- Memberships in any social, dining or country club or organization.
- Alcoholic beverages.
- Contributions or donations, regardless of recipient.
- Advertising designed to promote the contractor or its products.
- Promotional items and memorabilia (models, gifts, souvenirs).
- Travel by commercial aircraft which exceeds the standard commercial fare.

★ Present Regulations to be Amended.

Congress is calling for the DoD to amend present FAR/DFAR regulations dealing with allowability of contractor costs. These amendments are to "... define in detail and in specific terms those costs which are unallowable, in whole or in part, under covered contracts." This requirement covers, as a minimum,

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Acting Director's message

With more than 4600 widely dispersed employees, keeping up with all the significant events and actions in which DCAA is involved is no easy task. Some might say it is impossible. Others might prescribe a reporting system and document distribution system so finite that there is little time left after making all the required inputs to accomplish any significant events or actions. Of course, there is always the ultimate pragmatist who will say it's only a matter of refining that which is considered significant (e.g., if the office is there when arriving for work, that's all that is significant!)

Keeping up with Agency activities is important. Everyone in DCAA has occasion to represent the Agency and the government. The best way to be successful in that representation is to be knowledgeable about what's going on around you as well as matters directly related to your job responsibilities. It's with that notion in mind that information is provided to you via **The Bulletin**, various memoranda, and staff conferences. I encourage you to absorb as much of that information as you can.

You are also called upon to keep various records and report various information. While it may seem tedious and detracting to do so, the results are often important input to summarizations which are used in making decisions affecting the Agency as a whole. To give you a perspective of the impact of your input, I am going to identify some of the types of information I rely upon for knowledge about the Agency.

First, the timekeeping and assignment records you are required to prepare get summarized into a series of computer reports (EXSUM) which provide basic data about the Agency workload and accomplishments. I keep a current copy of these reports in my desk and use the data in many external communications. Personnel numbers are reflected in a weekly computer report (SUMPER) which I rely upon for information about the impact of hiring, terminations, and transfers upon the dispersion of personnel among our organizational elements. The report also identifies grade levels which is a helpful indicator for assessing training and supervision requirements. Specific employee personnel information is reflected in computer reports (APIS) which are provided to me on candidates for positions at GM-14 and higher. This information is not only useful for the selection process but also it provides a means for assessing how well we are doing in the development of personnel (i.e., training and job assignments are shown.) Regarding the development of personnel, I also read with interest the professional activities section of **The Bulletin**.

There are some special reports which provide good information. The Peer Review Reports provide an indepth analysis of regional operations (each region is reported on every third year.) For the types and level of activity in the fraud and irregular conduct referrals, I rely upon a monthly summary prepared by the Office of the General Counsel.

Conferences are an especially useful means of obtaining current information. Two or three times a year the Agency executives get together for indepth discussions of selected subjects. They each bring a wide variety of information from people in their organizations. Since July 1985, the executives also communicate with each other once a week via a teleconference. Each executive is called upon in this teleconference to identify the three most significant events and actions expected to take place in their organization during the coming week. I use this information for anticipating problems from external sources, establishing action plans for Headquarters involvement when appropriate, and for reporting to the Assistant Secretary of Defense, Comptroller on Agency activities. Annual regional management conferences provide opportunities for similar communications with field office managers. I usually attend these conferences.

There is no question that the best sources of information is that obtained from or observed at the source. Consequently, I frequently visit field offices. Last September, for example, I visited

the Long Island, New York Branch where Steve Perl, a senior auditor, gave me a briefing on an excellent audit he performed of a contractor's incurred costs. In October, I participated in a staff conference at the Houston Branch where we had a lively discussion on how to provide adequate supervision to subordinates at satellite locations (suboffice, not outer space, yet!)

Another great source of information is the trainee indoctrination course at DCAI. I visit these classes periodically and it is an excellent way to get feedback about how well we are starting off new employees in their contract audit careers.

Finally, there are a number of external sources of information which are often impacted by your activities. These include the results of GAO and IG reviews, letters from acquisition organizations, and questions raised by industry representation at symposia.

I am pleased to say that the more information obtained and observed about your activities, the more I am proud to be associated with you.



FRED J. NEWTON

November

For many, November conjurs up memories of one special day when families gather around Mom's or Grandma's table laden with roasted turkey, stuffing, cranberries, vegetables, homemade rolls, and pumpkin pie with whipped cream on top for Thanksgiving dinner. It's a day most Americans celebrate regardless of faith, and it's a day we collectively observe with a single purpose -- to give thanks for the many riches we have, individually and as a country.

Election Day earlier in the month serves to remind us that we are a nation free to choose our leaders and the type of environment that will govern our lives--one of the riches that we, perhaps, take for granted.

But Veteran's Day on the 11th brings to heart just how important that freedom is, so much so that

throughout the centuries millions of men and women have left their families and traveled to foreign lands to defend it. Sadly, far too many never returned from the battlegrounds to the country and the values they fought so valiantly to preserve. We, as a nation, are much richer because of the unselfish dedication of these men and women.

When we sit down to Thanksgiving dinner this year, we each will have our individual riches we will be most thankful for -- our families, our friends, our health, our prosperity -- but together we can be thankful that the principles and values that this country was founded on more than 250 years ago still prevail. Although our lifestyles have advanced and changed a great deal over the years, the tradition of Thanksgiving is still the same.

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16 specified costs including: air shows, employee morale and welfare, expense of corporate aircraft, and company furnished automobiles.

★ **Auditor Attendance at Negotiation.**

To the maximum extent practicable, the defense contract auditor will be present at any negotiation or meeting with a contractor regarding a determination of allowability of indirect costs of the contractor.

★ **Line Item Negotiation.**

Each category of cost questioned by the auditor should be reflected separately in the negotiation memorandum to the extent that it is allowed.

★ **Certifications.**

Each indirect cost settlement proposal applicable to covered contracts shall include certification by a company official that proposed costs are allowable. This requirement can be waived under certain circumstances. If a contractor knowingly submits a proposal containing a cost that is expressly specified by statute or regulation as being unallowable, it shall be subject to the False Claims Act.

★ **Covered Contracts.**

Covered contracts are defined as a DoD contract for more than \$100,000 except FFP contracts.

★ **Timing and Follow-up.**

The Secretary of Defense was given 150 days after the date of enactment of the Act, to prescribe the regulations required to ensure that the costs listed above are unallowable and to ensure that required clarifications are made to at least the 16 costs mentioned above. In addition, the Secretary is required to review such regulations at least once every five years. These new requirements will apply only to contracts for which solicitations are issued on or after the date on which such regulations are prescribed.

★ **Competitive Alternative Sources.**

The government's acquisition strategy program for each new major program must provide for competitive alternative sources for both the system and the major subsystems throughout the production cycle.

★ **Limitation on Progress Payments.**

— Payments to a contractor for work-in-progress will be commensurate with the work that has been accomplished and which meets the standards of quality established under the contract.

— On other than small dollar purchases, the progress payments otherwise payable are limited to 80 percent of the work accomplished until the contracted terms are made definite.

★ **Revolving Door Amendment.**

Presidential appointees who act as primary government representatives in the negotiation of a government contract with a defense contractor shall not, within two years after termination of such activities, accept

employment with that contractor. The penalty for violation is up to one year in prison and \$5,000 for the employee and \$50,000 for the contractor.

This is a watered down version of the House provision and one of the reasons for the House dissatisfaction with the conferees agreement. Even the conferees narrowed down bill is causing confusion regarding military personnel. A question has been raised whether a military officer is a presidential appointee.

★ **Burden of Proof.**

In proceedings before the ASBCA, U.S. Claims Court, or any other Federal court in which reasonableness of indirect costs for which a contractor seeks reimbursement from the DoD is an issue, the burden of proof shall be upon the contractor to establish that such costs are reasonable.

★ **Interest and Penalties on Defective Pricing.**

Interest is payable on amount of defective pricing adjustment from the date of overpayment. If defective pricing were knowingly submitted there is a penalty of 100 percent of overpayment. This provision is applicable to contracts entered into after date of enactment of this Act.

★ **Subpoena Power for DCAA.**

The Director of the Defense Contract Audit Agency will be given the authority to require, by subpoena, the production of books, documents, papers, or records of a contractor, access to which is provided to the Secretary of Defense under the "Truth in Negotiation Act" or by the current U.S. Code Title 10 provisions for "Examination of Books and Records of Contractor."

If the contractor refuses to obey, the subpoena shall be enforceable by order of an appropriate United States district court.

★ **Computation of Contractor Profits.**

The Secretary of Defense shall submit to Congress his views regarding the desirability of regulations that would prohibit the inclusion of G&A expenses in the base for calculating profit.

★ **Civilian Defense Acquisition Agency.**

GAO shall conduct a study and report to Congress on the advantages and disadvantages of the establishment of an agency (within or outside DoD) to perform all DoD procurement functions.

As you can see from the above, some of these provisions of the Conference Report on the DoD Authorization Act of 1986 will help DCAA carry out its responsibilities. Clarification of cost principles, auditor attendance at negotiation meetings, burden of proof on the contractor, and subpoena authority for the Director are improvements in the Defense procurement procedures which should be especially helpful to DCAA.

Controlling cost using headcount algorithms

By Martin Makielski,
Industrial Engineer,
Operations Audit Branch, DCAI

Controlling overhead costs is one of the most significant issues facing American industry today and labor cost is the biggest concern. Indirect labor costs currently comprise about 70 percent of a manufacturing firm's total payroll. Some predict that, by 1990, white-collar and service sector workers will account for 90 percent of all employees in the United States.

Yet, auditors often lack the tools to evaluate the reasonableness of proposed and incurred labor costs, whether direct or indirect. This is especially true relative to productivity issues. It is rather easy to determine worker nonproductivity, but much harder to evaluate worker efficiency.

Even if all excess nonproductivity were eliminated from an organization, it may not be as efficient as another. And, even if the operation were optimally efficient using prescribed methods, it may not be as productive as another which is more automated. Auditors need the ability to assess the reasonableness of any given operation and the resulting costs.

Personnel baselining is a concept involving ratio analyses to determine the relative productivity of similar workers, departments, or companies. The technique enables the auditor to make certain macro comparisons regardless of specific procedural differences among the individual elements examined. It

is beneficial in reviewing both forecasted and incurred costs, both on and off the manufacturing floor. Baselining improves audit performance by quickly focusing the direction of the review.

Measurement varies from simple ratios or factor comparisons to rather sophisticated statistical indicators. Unfortunately, as the sophistication of the approach increases, the usefulness decreases. If a single factor can be used to categorize worker activity, the analysis is rather simple. Alternatively, multiple factors can be identified and weighted to yield similar output.

In order to begin, various functions are identified and subdivided into discrete activities (i.e., accounting can be subdivided into accounts receivable, accounts payable, bookkeeping, auditing, etc.). Primary work causes are then identified for each discrete activity (i.e., accounts payable may be driven by invoices processed). Finally, indices are developed and analyzed.

To illustrate, suppose we want to compare the small parts warehousing operations at four assembly plants having similar organizational structures. Each plant has assigned 4, 8, 2, and 14 equivalent storekeepers. (Equivalent headcount is used to normalize overtime, part-time, borrowed, and purchased labor.) Without additional data, it is impossible to determine which is most productive or how staffing should respond to fluctuating demand. However, using the quantity of parts retrieved from inventory per day, the following analysis could be performed.

Plant	Equivalent Headcount (EHC)	Picks Per Day	Picks Per Day Per Person
A	4	2,000	500
B	8	2,000	250
C	2	400	200
D	14	1,400	100
TOTAL	28	5,800	

A glance at the result raises obvious questions concerning staffing levels, automation selection, and work organization. Additional calculations can provide further insights.

Plant	Work ¹ EHC	Productivity Cause	Norm Ratio	Norm EHC	Norm Deviation	Index
A	4	2,000	.002	9.7	5.7	2.43
B	8	2,000	.004	9.7	1.7	1.21
C	2	400	.005	1.9	(.1)	.95
D	14	1,400	.010	6.8	(7.2)	.49
TOTAL	28	5,800	.005²			

1. Picks per day 2. Average productivity ratio (rounded)

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The productivity ratio is the EHC divided by work cause. Average productivity ratio (ADR) is multiplied by work cause to develop the Norm EHC for each plant. This represents the staffing required if the plant were average. The norm deviation is the difference between norm and existing EHC or staff variance. Norm index is the ratio of Norm EHC to EHC. Higher index numbers represent better conditions. An index of 1.0 is average.

Such a technique could be used in reviewing indirect labor where no standards have been developed. Likewise, it may be effective in evaluating direct labor where the “standards” are based on estimates. Even where standards are considered reasonable for a prescribed method of operation, the procedure can be used to make intercompany comparisons of similar functional areas. Baselineing can be used independently or in conjunction with other techniques such as work sampling to indicate major system problems in areas such as Production Scheduling and Control and Work Measurement and Control.

Problems may be anticipated in selecting the ratio variables. The key is to identify one or two significant relationships which generally define the major components of an operation. This is especially difficult when an individual performs overlapping functions. Equivalent headcount, alluded to earlier, can be used to overcome the situation. In the event of multiple productivity factors, the variables can be analyzed individually or weighted according to their contribution to the total job.

Comparability can be another significant problem. Inconsistencies in data accumulation and functional definition can indicate apparent disparity where none

exists. Special care should be taken when making intercompany comparisons.

Personnel baselineing enables the auditor to better understand the complex interrelationships within and among organizations to highlight opportunities for improvement. However, the technique has limitations. No qualitative criteria are included and work causes are not all-encompassing. Neither does the ratio technique disclose an absolute benchmark criteria as does a work measurement system. For these reasons, it does not reduce the need for further examination to determine the underlying reasons for apparent inefficiencies.

The technique capitalizes on one of our major advantages—the ability to view many like operations and make comparative judgments regarding reasonableness. In this sense, we can be in a better position than even the contractor to assess relative operating efficiency. Certainly, we can focus more quickly on audit areas having the greatest payback potential. Even where no benchmark data currently exists, baselineing may be performed as a point of reference for future reviews.

Any number of statistical relationships can be established to measure productivity and forecast headcount. Some require an intimate knowledge of the variable interdependencies and (inner-company) strategies. Therefore, we customarily use the more tangible measures of output to conduct independent analyses. Even simple ratios of indirect/direct headcount can be effective, particularly when playing one segment of the contractor’s operation against another. In any event, we can evaluate the contractor’s methodology for reasonableness or recommend that such an approach be considered if not already in place.

Editors and editing: *Fluff or essential?*

*By Mike Thibault, Special Programs Manager
and Paul LaPointe, Editor
Boston Region*

On January 7, 1984, the first author left the warm confines of the Defense Contract Audit Institute in Memphis to travel the wintry roads north to his current job in the Boston Region. Upon arriving in parochial New England, he found that one of Boston’s unique characteristics is that it is the lone region still having on its payroll an editor to enhance the quality of “the King’s English” in audit reports.

He had a few preconceived notions about “non-auditors” contributing to the quality of DCAA’s audit reports. Simply stated: “No way!” Now, that notion has an interesting bias unto itself. After all, his first supervisor at the Seattle Branch Office said, “Thibault, you tell a pretty good story, but if you want to get out of performing progress payment reviews, you had better learn to also write a pretty good story.”

After two years of witnessing what an experienced editor, with considerable insight into Agency operations and audit report uses can do for a report, he is convinced that the other five regions are missing a great opportunity to improve our primary product—the audit report.

The advantage of having this particular asset becomes even more obvious when one considers DCAA’s recent growth spurt and the vast numbers of new auditors who represent the future of the Agency and must document their activities in workpaper notes and in concise, well articulated audit reports. Sure, we have created a highly effective mentor program. But who are the mentors? They are typically auditors working on similar jobs assigned to new auditors who also may be so close to the job that they mistakenly assume that anyone who reads their report will understand its often complex issues.

So, one might ask, what can an editor do that an
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auditor can't? For one thing, this person can devote creativity, writing skill, and undivided attention to a written report. Have you ever stopped to consider that we have almost 700 auditors in each region, and that if only 10 percent of their time is spent preparing reports, then each region spends 70 staff years putting pen to paper. And this calculation ignores the critical area of workpaper narrative comments. Spending only one and one-half percent of that time (an editor staff year) to improve report quality seems to be a rather wise investment.

Now before all you supervisors "call out the Mounties," let us assure you that we are not denigrating the valuable reviewing function you provide; we are merely suggesting that the additional cost of an editor is small payment for a polished, more effective product and for a better trained audit staff.

In the Boston Region, the job title "writer-editor" is a misnomer; the position is actually held by a technical writer who just happens to know how to teach people how to write better. In fact, he won this job nine years ago because he possessed a rather unusual combination of qualifications: a Master's degree in English, experience as a high school teacher, and a background in accounting. This doesn't mean that he has the talent to write like Hemingway or that he is an expert in the accounting field. It means that he can do things with words that most people cannot, understands basic technical jargon and concepts, can view written material more objectively than those who drafted it, and knows how to identify writing problems and teach people how to correct them.

An effective wordsmith plies his trade with the sole intent of making the primary reader's (the contracting officer) job easy. This means that he can save auditors, supervisors, FAO managers, and RAMs valuable time and subsequent aggravation by organizing reports and structuring sentences so that they will clearly and concisely tell a logical and convincing story. It also means that auditors working with an editor on a report become, in effect, apprentices learning a craft that is essential to their success and livelihood. In addition, an editor's timely input into the report preparation process usually results in a more highly polished product being placed in the hands of and before the coldly judgmental eyes of the public.

We shouldn't restrict our comments to audit reports. An editor is a handy person to have around the regional office when it's time to write and review management reports, memoranda, instructions, cover letters, and so forth. These types of documents are read by a wide audience having vastly different

informational needs and wants, and it is often difficult to keep that point in mind.

Building an audit staff of good writers may well be an editor's most important function. If auditors aren't given personal attention before they have a chance to acquire the bad habits associated with bureaucratese and gobbledygook, there is little hope that they will ever learn to do that all-important final audit step and write a report that communicates effectively.

Just about every employee who has worked in the Boston Region for more than three years has attended at least one tailored regional writing workshop; many have attended three or four training sessions aimed specifically at improving the quality of written material produced in this region. We haven't forgotten about these "old-timers;" they can expect a newly designed writing workshop in MY 1987, but the potential benefits of focusing our attention on the large number of auditors hired in the last two years has led to an extensive one-on-one training program.

This approach lets trainees know that the regional office is acutely sensitive to quality writing and wants to help them become better, more efficient writers. We search for particular problems that should be addressed, discuss common writing mistakes, suggest techniques for writing more concisely, and recommend ways to reduce start-up time when they draft an audit report. If a trainee continues to have considerable difficulty in using the written word to explain an audit, we provide tutoring services.

It's this combination of on-site assistance and training that generally produces quality reports and staffs better equipped to handle their writing tasks. But you can no more expect an auditor to capably handle the role of a technical writer and writing teacher than you can expect a technical writer to complete an audit and develop \$10 million in questioned costs.

In summary, we both throw out the challenge to the five have-not regions: precisely what have you done to improve audit report quality or to provide personal assistance to trainees who are expected to write reports and whose performance is rated partly on their writing ability? We're not implying that Boston is a better region for continually emphasizing the importance of report quality and developing competent writers; we're merely suggesting that these issues may warrant some expertise currently unavailable in other regions. We think that making a small investment within existing allocations, to develop the skills needed by so many new auditors will pay very substantial dividends.

Supervision

*By Jeanne Khan
Resources Manager
Los Angeles Region*

A recent call from Bob Ray at DCAI concerning unfilled spaces at a Supervision course prompts these comments and questions.

Our formal education and on-the-job training lead us toward becoming auditors, computer, security and personnel specialists; systems, budget, and management analysts; typists, secretaries and clerks. Over time we learn how to perform tasks and use tools that suggest we are auditors, analysts and administrative assistants.

We practice toward perfecting the skills; we acquire more specialized knowledge of the field we are in, and we demonstrate the ability to perform the tasks and use the tools to the satisfaction of those who pay us for what we do.

With proficiency comes more pay for the product of our profession until promotion prods us to perform as parents or pariahs to our peers and those pushing to replace us within the profession.

The promotion to supervisor changes the whole ball game. Imagine the infielder, catcher or pitcher assuming the role of a team captain or coach. All of a sudden, the player is off the field, on the bench and out of the action. The role — so well planned and trained for, finely honed through practice, so specialized, well played, and so team member oriented — changes.

The change occurs for many of us long after our ability to discover and explore new ideas or try new approaches to problem solving, and long after our ability to bounce back from failure and foolishness has been tested through childhood, adolescence and adulthood. The change comes when we are less naive, less trusting of the institutions we trained in or gave so much of our lifetime to, less resilient, less inclined to “roads not travelled,” less open to options, and less fearless about the future.

Taking the ballplayer to coach example further, the change demands that we bring more than our narrowly focused experience to a place out of the sun, into the shadow and behind the home plate of management. The change requires that we broaden our perspective on the game, become concerned with the park facilities, recruiting new players, evaluating per-

formance, developing statistics, marketing the team to induce investment and promote sales, relating with other teams, the “front office” and the public, the weather, “acts of gods” and other uncontrollable events, the maintaining of team spirit despite substance abuse, human frailty, injury, and the media or other’s bias or preference concerning the team, the goal and sporting events. What prepares us for the other important roles such as supervisor, manager, citizen, spouse, parent, or friend?

Focus for a minute on the supervisor role. What courses define and describe the supervisory role? What training enables us to play this role? What measures our success or failure? What effect does our performance have on other people, the other roles we play and on our feelings of self-worth?

Who are our role models, our teachers, our coaches, our mentors, for the important role of supervisor? Who shows us how to manage people, information, and the other material resources we become responsible and accountable for? How do we become wise in personnel, financial management and administrative areas?

It has been said that “fear is the beginning of wisdom.” Do we then begin by fearing what we know little about, then reverting to doing only what we feel confident doing — such as auditing, analyzing and assisting others rather than leading, directing and cheering others? Do we tend to stay an infielder rather than learn to be a coach?

Do we avoid reading about, training for, and then practicing our new role because we risk failure and losing face and prefer to bluff our way through by accepting the coach or supervisor’s pay and “hanging out with the players?”

Or, do we try to accept the new role, then choose it through commitment to the skills building courses, the exercises in judgment which fail again and again until we learn to think before we act because we begin to anticipate consequences far more serious than one foul ball or one missed pitch ever prepared us for?

Do we begin to see that we are responsible and accountable for the lives and fortunes of others who are “flash-in-the-pan” stars, utility and relief players, and consistent hitters? Do we really want to make the change which is so much more difficult than what we

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were trained to do and have become so good at? Do we see the rewards for this kind of work worth making such a change?

If the answer to the last question is yes, if the answers to the other questions are of compelling interest, why do we have managers who would rather play ball than coach? Why do we have supervisors who audit, analyze, and assist rather than lead, direct,

teach, coach, inspire and cheer their potential replacements? Why do we ever have unfilled space in the Agency's supervision classes?

Do these comments and questions lead to recalling the supervisors we have known? What answers arise as we examine their traits or behaviors? The answers can form the basis for another article or be addressed in the Agency's Supervision course. *What say you?*

Bath Iron Works auditor named Outstanding Handicapped Employee of the Year

Richard Boody, a semi-senior auditor at the Boston Region's Bath Iron Works office has been selected as DCAA's Outstanding Handicapped Employee of the Year and will join nine other Department of Defense employees as nominees for the Outstanding Handicapped Federal Employee of the Year Award conducted by the Office of Personnel Management.

Boody began his career with DCAA two years ago as an auditor trainee and through exceptional job performance, exemplary devotion to duty, and deep commitment to community service has quickly progressed to his present position. He has unhesitatingly accepted the increased responsibility accompanying each promotion with a natural determination to overcome his physical difficulties, caused by a right side hemiplegia (paralysis of the right side of his body), and developed the skills needed to master a demanding profession.

As a result of Boody's strong desire to excel, he has performed assignments not normally given to auditors with his level of experience. Recent assignments include complex operation audits, Cost Accounting Standards issues and overhead assignments. For example, he dealt extensively with contractor personnel to obtain background data for the audit; as a result, the audit report will recommend a \$238,000 cost avoidance. On another assignment, he reviewed a contractor's cost impact study and concluded that the manner in which the contractor presented his yearly study did not reflect the cumulative impact and therefore did not paint a true picture. Using a cumulative approach, Boody conducted his own study which has resulted in a DCAA recommendation that the contractor be cited for non-compliance with Cost Accounting Standards.

While Boody has earned the respect and admiration of his supervisors and co-workers because of his



professional abilities, he has charmed them as well with his constant congenial and cheerful attitude -- even after a 73-mile commute to work each morning. His desire to excel is further evidenced by his enrollment in the Master of Science Program in Business at Husson College in Portland.

Boody's enthusiasm extends into the community where he is active in the Knights of Columbus, Veterans of Foreign Wars, and Disabled American Veterans. Professionally, he is a member of the National Association of Accountants and the Association of Government Accountants, for which he is the newspaper editor for the Maine Chapter.

Boody and his wife Mary Anne have two children and reside in Bridgton, Maine.

Professional activities . . .

HEADQUARTERS

Fred J. Newton, Acting Director, Headquarters, spoke on "New Directions in Contract Audit" before the Association of Government Accountants, Long Island, New York Chapter.

William J. Sharkey, Assistant Director, Policy & Plans, Headquarters, spoke to the Pittsburgh Chapter of Association of Government Accountants on "Government Contract Cost Principles."

ATLANTA

Patricia H. Glasser, auditor, Orlando Branch Office, passed the CPA examination in the state of Florida.

Lou L. Olinger, senior auditor, Texas Instruments Resident Office, was appointed secretary for the Association of Government Accountants, Dallas Chapter.

Charlotte Hilbers, auditor, Texas Instruments Resident Office, was appointed director of the Professional Cooperation Committee for the Association of Government Accountants, Dallas Chapter.

CHICAGO

Kevin C. Ross, semi-senior auditor, GE Evendale Residency, volunteered to read a newspaper for handicapped persons over WRRS, a closed circuit radio station, a radio reading service of Cincinnati.

Richard E. Bowman, supervisory auditor, Williams International Corp., Detroit Suboffices Branch, passed the CPA examination and was awarded a Certificate of Examination from the state of Michigan.

Thomas D. Segroves, branch manager, Akron Suboffices, Branch Office, passed the CPA examination in Ohio.

Robert P. Poulson, junior auditor, Akron Suboffices, Branch Office, passed the CPA examination in Ohio.

Keith A. Tack, auditor trainee II, Detroit Branch-Mobile, passed the Uniform Certified Public Accountant examination in the state of Michigan.

Sally L. Mack, auditor trainee, Lima Army Tank Plant, passed the CPA examination in Ohio.

PHILADELPHIA

John P. Stanton, Acting Regional Director, Philadelphia Regional Office, spoke on "Auditing Chal-

lenges -- Present and Future," before the Association of Government Accountants, Northern New Jersey Chapter.

James F. Danaher, auditor, Philadelphia Branch Office, passed the CPA examination in Pennsylvania.

Linda C. Huff, senior auditor, Beltway Branch Office, Philadelphia Region, was awarded a Master of Science in Management degree from Frostburg State College.

Jeffrey L. Shaffer, supervisory auditor, Fairfax Branch Office, was awarded a CPA certificate from the state of Virginia.

Joseph H. Shattuck, auditor, Philadelphia Branch Office, passed the CPA examination in Pennsylvania.

Anil M. Soni, auditor, Beltway Branch Office, passed the CPA examination in Maryland.

William R. Walter, auditor, Fairfax Branch Office, passed the CPA examination in Virginia.

Ronald T. Craig, auditor, Baltimore Branch, Martin Marietta Suboffice, passed the CPA examination in the state of Maryland.

Thomas C. DeNofa, auditor, Southern New Jersey Branch Office, passed the CPA examination in Pennsylvania.

Jeffrey W. Hetrick, supervisory auditor, National Branch Office, was awarded a Master of Science Information Systems degree from George Mason University in Fairfax, Va.

Philip S. Rogofsky, auditor trainee, National Branch Office, passed the CPA examination in Maryland.

LOS ANGELES

Joseph A. Stewart, auditor, Ford Aerospace & Communications Corp., passed the CPA examination in California.

Manuel A. Martinez, senior auditor, Santa Ana Branch Office, was appointed corresponding secretary for the Association of Government Accountants, Orange County Chapter.

Milton Levine, branch manager, Los Angeles Branch Office, spoke on "Objectives and Responsibilities of DCAA," at the DCASR-LA Cost Monitoring Workshop before DCASMA and DCASPRO Cost Monitors.

Award winners . . .

ATLANTA

Quality Step Increase

Betty Hodges
Brenda Acks
Thomas Donovan
Deborah Humphreys
K. M. Adamski, Jr.
Eric Weiser
Noel Hinote
Georga Young
Willie Howard
Orin Blair

Sustained Superior Performance

John Laurie
Emily Smith
Virginia Johnson
Joseph Merritt
Marie Conklin
Joe Allen
Arthur Beamer
James Bourne
Marvin Burroughs
John Carlton
Jack Clark
Jesse Collins
John Compton
Keith Cosper
Richard Cudd
Walter Flanagan
Orlando Flores
Wade Geary
Jack Hartsock
Paul Higgins
E. J. Hill
Walter Hoffman
Johnny Milam
Larry Moore
Thomas Morris
Dennis Murray
Glen Myers
Sonja Myers
James Pierce
Gary Poling
Richard Roof
Michele Tabor
Ronnie Temples
William Thoms

Michael Uss
Peter Van der Veen
Bedford Walters
Thomas Weeks
Pauline Westbrooke
C. B. Hart
Joseph Cali

Special Act Award

Robert Brown
Chris Cunningham
Charles Harris
Eric Weiser
Georga Dean

CHICAGO

Quality Step Increase

Jack Kucker
Ira J. Franckel
Stanley Burinski
William Roberts
Paul Rilius
Daniel Goche
Harvey Smith

Sustained Superior Performance

Robert Beveridge
David McCormick
Carmen Johnson
George A. Horgos
Anthony M. Pataki

Special Act

Patrick Maloney

Sustained Superior Accomplishment

Roy C. Heidemann
Martin Melinger
Donald H. Ruben
Stephen Prekosovich
Robert F. Onder
Richard A. Hungate
Francis A. Falletta
John Moran
Thomas Segroves
Rex D. Otey
David E. Rhodes
Earl J. Newman

John Raspanti
Kenton Owens
Glenn Williams
William Eddy
Jack Pihlak
Gerald Bailey
Robert J. Carey
Daniel Gould
William Docter
William Irwin
William Hansen
Glen Chambers
Gary Ricketts
Michael McConnell
James Cunningham
William Schneider
Delbert Mardell
Anthony Guido

PHILADELPHIA

Quality Step Increase

Elizabeth A. Boyce
Martin J. Lenhard
James C. Bridges
Kathy L. Clark
Margaret E. Scarpulla

Special Act or Service

Benjamin S. Farrah
Roland D. Frazier
Scott D. McCollum
Donald J. Karr

Sustained Superior Performance

Harold V. Barnett
David J. Capitano
Alfred P. Contegiacomo
Thomas E. Harryman
Abraham Hilfer
Ronald T. Mock
Marc P. Parvin
Mark R. Rosetta
Dolara A. Ruth
James N. Ryon
Gaetano C. Sansone
Jeanne L. Santora
Sue A. Schildwachter
Francis A. Smith
John S. Sroka
William Bing

Nathan A. Caplan
Sondra Cohn
Donna O. Dery
John A. Dery
Carole L. Eubank
Jeffery E. Fuller
Thomas P. Greff
Charles J. Hay, II
Karl-Heinz J. Sauerbrey

Special

Accomplishment

Richard Metzger
Thomas J. DiSanto
Carol A. Donato
Harry E. Quinn
Edmond E. Slattery, Jr.

Sustained Superior Accomplishment

Joseph F. Alter
Robert Baldessari
Edward G. Bimler
James F. Brennan, Jr.
Frances T. Brownell
Samuel L. Cave
Richard A. Christina
Raymond J. Citeroni
David Dellinger
Francis X. Dolan
Donald C. Eastridge
Herman Eisen
Thomas V. Ferrara
Tim W. Forrest
Joseph S. Fredericks
Samuel J. Harker
Kieran G. Hennessy
William L. Jackson
Edward J. Kadish
Peter W. Kornutick
William H. Kraft, Jr.
Steven E. Miller
George N. Nikolaou
Thomas F. Pezanowski
James H. Schuchardt
Ronald T. Seal
Mary L. Silva
James H. Street, Jr.
John P. Stanton
Norman J. Udovich
Lawrence P. Uhlfelder

On the move . . .

ATLANTA

Accessions

Edward Ziemba
Howard Moore
Carol Beavers
Barry Copeland
Gary Sandahl
David E. Wellman
Jacqueline Fulton
Cheryl Tow
Nancy Raley
Finuala Hessel
Elizabeth Herrera
Vinnie Smith
Robert G. Hurd
C. Willoughby
Howard Brunson
George Brooke
P. Carpenter

Freddy Newnam
Benjamin Ecklar
Garry Shepherd
Peggy Carter
Deborah Paynter
Chris Cauldley
Frank Rioux
Gary Frick
Malcolm Gentry
Mikel Wilson
Ronald Marta
Jeffrey Donovan
Shirley Black
G. Wilkinson
Gregory Jackson
Vernen Soloman
Genee Demers
Curtis Hagan
Margaret Anderson

Grace Morrison

Promotions

Beverly Kay
Dorothy Nolan
Oscar McAdoo
Arlene Delaney
Sharon Webb
Gary Koontz
Jabe Driskell
Robert Cortese
Monty Ritter
Norman Wright
Janet Stern
Gary Teague
Loretta Goodfellow
Janet Kennedy
Jeffrey Boyd
Robert McCracken

Ruth Washington
Barbara Simpson
Barbara Helton
John Sorensen
Sally Goetz
Charlotte Hilbers

Reassignments

Lynne Flowers
Tom Walton
Fred Cooper
Boyce White

Losses

Janet Cody
Velma Staton
Thomas Murphy

Savings Bonds Can Help With Child's Education



Paying Better Than Ever

Parents planning for the education of their children can purchase bonds in a dependent child's name with a parent as beneficiary.

In the year of purchase, a federal tax return in the child's name can be filed listing accrued interest as income and thus declaring that it is the child's

intention to report Savings Bonds interest annually.

Under the Internal Revenue Code, up to \$1,040 interest per year may be accumulated without tax liability. Assuming no other income, the child's bonds could earn interest that is for all practical purposes tax free.

Once intent is established, no further returns are necessary, unless the child's unearned income (e.g., interest) exceeds the yearly limit. The interest limit for 1985 is \$1,040.

A program like this started at birth can yield a substantial nest egg by the time a child is ready for college.

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